



— RETIREMENT BOARD —

Mark R. Vincent,
Chairman

Chris Collins,
Vice Chair

— MEMBERS —

Al Martinez
Rusty McAllister
Audrey Noriega
David Olsen
Katherine Ong

— EXECUTIVE STAFF —

Tina M. Leiss
Executive Officer

Cheryl Price
Operations Officer

Steve Edmundson
Investment Officer

U.S. Stock Rally Continues

U.S. stock prices have continued their strong rally in 2013. To give some context to the strength of this bull market run, in the last 5 months the PERS fund has gained \$2.2 billion and generated a return of 8.7%. This follows a year where PERS generated a return of 12.4%. Clearly, we don't expect total fund returns over 20% in 8 months very often.

The recent run in U.S. stocks has been unique. So far this year the S&P 500 U.S. stock index has generated the best risk adjusted performance since 1962. In addition, 2013 looks like it will be a year where the S&P 500 U.S. stock index does not post a negative calendar year to date return at any point during the year. This also happened in 2012. This phenomenon has only happened 3 times in the last 50 years, and it has never happened two years in a row.

One reason for the gains in stocks has been increased retail investor demand. Fund flows into stocks have broken records for the highest monthly and weekly inflows, and total net stock purchases in 2013 are the highest in over 13 years. As a result, while corporate earnings of U.S. companies have only grown by 4.9% so far in 2013, the S&P 500 U.S. stock index is up over 25%.

While stock prices can extend much farther in relation to fundamentals (as they did in the late 1990's), this demand trend has at times been associated with the later stages of a bull market. Add to that the fact that the S&P 500 U.S. stock index is currently in the third longest bull market in history, and we begin to get a bit cautious.

If stock prices do begin to fall, historically a good "safety net" for portfolios has been high quality U.S. bonds, including U.S. treasury bonds. We estimate that PERS currently has twice the exposure to these securities as the median public pension plan. In addition, we expect to reduce our risk exposure and increase our allocation to high quality bonds in the coming weeks to protect more of the gains that we have earned in this historic rally.

10th Annual Liaison Officer Conference a Success!

The 10th Annual PERS Liaison Officer Conference was held at the South Point Hotel on November 21st. We had a great turnout with over 200 liaison officers, payroll clerks, human resource specialists, and administrators attending. Every year, we see a wide range of attendees ranging from PERS agency veterans to those who have been newly assigned to perform PERS related duties.

From the feedback we received, the conference was very beneficial for all attendees. Our attendees were able to learn and take away valuable information to make their PERS responsibilities easier as well as learn about the higher level functions of the system through the presentations from our Executive staff.

If you have not attended one of our Liaison Officer Conferences, please plan to attend next November. We alternate locations every year and next year the conference will be held in Reno, NV. Thank you to all the attendees this year!

It is our goal to continue to provide useful information that addresses the basics of PERS as well as providing updates on new processes and legislative changes. Thank you to all who helped make this year's Liaison Officer Conference a success.

The Liaison Officer Conference registration packet is mailed and emailed to Liaison and Deputy Liaison Officers in early September of each year. The registration packet is also posted to our website in September. Please keep your contact information up to date so that you are sure to receive the conference notification. If you have any suggestions or ideas for the conference, please feel free to share them with us. We want to ensure that the conference continues to be beneficial and informative to all attendees.

INSIDE THIS ISSUE

Page 2

Independent Study of
PERS Reveals Best In Class

Page 3

Earnings Limitations for
Re-employed Retirees

Survivor Beneficiary
Designation Forms

Independent Study of PERS Reveals Best In Class

The Retirement Board of the Public Employees' Retirement System of Nevada (NVPERS) commissioned Aon Hewitt to conduct an independent review of certain plan practices, statistics and policies of the Public Employees' Retirement System (PERS), the Legislators' Retirement System (LRS), and the Judicial Retirement System (JRS).

The scope of the review included:

1. A comparison of many features of NVPERS to a large group of other public retirement systems (126 other retirement systems were included)
2. Calculations of liabilities using discount rates
3. Projections of contribution rates and funding levels over the next 30 years
4. A review and opinion on the NVPERS funding policy and recommendations for modifications, if any are warranted.

Results of the Study showed NVPERS is typical of large public retirement systems in that there are:

- Plan provisions regarding eligibility
- Benefit levels are not overly generous
- Funding levels and discount rates are at median

Some highlights from the study include:

"NVPERS' funded status, retirement eligibility, actuarial funding method, and discount rate are similar to the averages and medians of other large systems, showing that NVPERS is akin to most other large systems in many ways."

"NVPERS, however, is quite different and more conservative in other material ways."

1. One unique aspect of NVPERS is the equal sharing of contributions between members and employers.
2. Another unique aspect is that actuarial gains and losses are automatically reflected biennially in future contribution amounts, rather than after statutory enactments or negotiations occur that often delay contribution rate changes.
3. A third point that makes NVPERS unique is the Board's recent decision to shorten amortization periods from 30 years to 20, which represents a level of conservatism that is not widely seen.
4. **"Finally, the actuarial funding policy, including its requirements regarding audits, benefit improvements, funding methodology, and other details, represents a comprehensive, thoughtful and appropriate model that constitutes a best-in-class policy that many other systems do not have."**

To expand on 'the Funding Policy of PERS that was adopted by the Retirement Board in September 2005 and last modified in May 2012, it is sound and represents best practices. The actuarial cost method, asset smoothing method, amortization schedule, actuarial assumptions and other provisions of the Policy are prudent and somewhat conservative measures that are intended to protect both the members of Nevada's plans and the taxpayers of the State from inappropriate volatility or cost increases.'

Source: AON Hewitt 2013 Independent Comparable Study of Nevada PERS

If you would like more information, the entire comparative study is posted on our website: www.nvpers.org under Messages from the Executive Officer.

Earnings Limitations for Re-employed Retirees

The earnings limitation for retired employees returning to employment with a Nevada public employer in a non-eligible position for fiscal year 2014 is \$24,313.00. Fiscal year 2014 begins July 1, 2013, and ends on June 30, 2014.

A retired employee who exceeds the earnings limitation in any fiscal year must have his/her retirement benefit suspended for the duration of the employment, independent contract, or any subsequent employment during the fiscal year, even if it extends into the next fiscal year. Both the public employer and retired employee must notify PERS within ten days after the retired employee exceeds the earnings limitation.

If you have any questions regarding this memorandum, please contact us and ask to speak with a Counseling Services representative.

Survivor Beneficiary Designation Forms

All of us know the importance of having a current Survivor Beneficiary Designation Form on file with PERS. In the event of a member's death prior to retirement, the survivor beneficiary designation form is used as instructions for the system to pay eligible survivors a monthly benefit. Please remind your employees to make necessary changes to their form upon marriage, divorce, and any other changes in family status.

As the liaison officer, you may request a list from your PERS employer representative that identifies employees who do not have a survivor beneficiary form on file with PERS. Simply call your employer representative toll free at 1-866-473-7768 or (775) 687-4200 to request the list. You may want to direct those employees to our website: www.nvpers.org where they may type the information onto the form, print it, and complete it by signing and returning it to PERS.

Remember, the Survivor Beneficiary Designation form is not valid until the properly completed form is received in one of our PERS offices. If the form is not properly completed, it will be returned to the member for correction.



693 W. Nye Lane
Carson City, NV 89703
(775) 687-4200
Fax: (775) 687-5131

5820 S. Eastern Ave.
Suite 220
Las Vegas, NV 89119
(702) 486-3900
Fax: (702) 678-6934

7455 W. Washington Ave.
Suite 150
Las Vegas, NV 89128
(702) 486-3900
Fax: (702) 304-0697

Toll Free: (866) 473-7768
Website: www.nvpers.org

This publication is intended to provide general information.

If there is any conflict between this information and Nevada law or PERS' policies, the laws and policies will supersede this information.

Employer News is a quarterly newsletter for Employers of the Public Employees' Retirement System of Nevada.

Comments or suggestions may be directed to: PERS, Newsletter, 693 W. Nye Lane, Carson City, Nevada 89703.